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## **MEMORANDUM**

**TO:** Health Care Commission  
Duane Goossen, Chair  
Connie Hafenstine  
Sandy Praeger  
Nancy Ruoff  
John Staton

**FROM:** Doug Farmer

**DATE:** April 13, 2009

**SUBJECT:** Lab Card Program

Due to the current financial situation of the State Employee Health Plan (SEHP), we have been evaluating savings opportunities. Plan B currently offers members the opportunity to use the Quest lab card program for non emergency outpatient lab work. Through Quest, the SEHP has negotiated discounted fees on the lab services that provide significant savings to the health plan. Any provider can elect to send a specimen through the lab card program by calling Quest to pick up the specimen. Members in the metropolitan areas also have access to Quest lab collection sites. Members on Plan B receive 100% payment of outpatient lab work when services are performed and billed to the member's health plan by Quest. Members who choose not to use the lab card benefit still have coverage for lab work subject to the standard plan benefit provisions.

If this benefit were expanded to Plan A, we estimate the SEHP could save \$1.3 million dollars annually. Actual savings could exceed this amount depending upon the number of employees and their providers who elect to use the lab card program.

### **Recommendation:**

Include the Quest lab card benefit in both Plan A and Plan B for plan year 2010.